



Piedmont
Natural Gas

2009-4356
224620

June 29, 2010

VIA OVERNIGHT DELIVERY

Ms. Jocelyn G. Boyd
Interim Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Piedmont Natural Gas, Inc. ("Piedmont or "the Company")
Tariff Modifications

Dear Ms. Boyd:

Enclosed for filing are red-lined copies of proposed non-substantive modifications to Piedmont's tariff. Piedmont is requesting to allow that these tariff modifications to become effective August 1, 2010.

The purpose of these modifications are administrative in nature and are not intended to change the operation of any part of the Company's tariff. Specifically, Piedmont is proposing adding the title of Appendix A to its Gas Costs Recovery Mechanism and changing the title to Appendix B in its Customer Agent Agreement. In addition, in its Customer Agent Agreement, the Company would also like to add its name in the header of the page, page numbering and a mailing address at the end of the document.

The South Carolina Public Service Commission should update its files with the enclosed revised Gas Cost Recovery Mechanism and the Customer Agent Agreement should the request to allow these modifications be found acceptable.

Sincerely,

Kally Couzens
Senior Regulatory Affairs Analyst

Enclosures

cc: Carey Stites (Office of Regulatory Staff)

1. Definitions. The following definitions shall apply:

“Benchmark Commodity Cost of Gas” shall mean the Company’s estimate of the City Gate Delivered Cost of Gas for long-term gas supplies, excluding Demand Charges. The Benchmark Commodity Cost of Gas may be amended from time to time by the Company as provided for in this Gas Costs Recovery Mechanism (GCRM).

“City Gate Delivered Cost of Gas” shall mean the total delivered cost of gas to the Company at its city gate, including, but not limited to all commodity charges, demand charges, peaking charges, cost of propane, cost of LNG liquefaction/vaporization, surcharges, emergency gas purchases, over-run charges, capacity charges, customer charges, standby charges, reservation fees, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges, take-and-pay charges, storage charges, service fees and transportation charges and any other charges of any kind whatsoever which are incurred by the Company in connection with the purchase, storage or transportation of volumes of gas by the Company.

“Commodity and Other Charges” shall mean all charges for the purchase of gas or for the transportation of gas other than Demand Charges.

“Demand Charges” shall mean all charges for the purchase of gas or the transportation or storage of gas which are not billed on the volume of gas actually purchased or transported by the Company.

“Tariff Sales” shall mean gas delivered to customers under a sales rate schedule of general applicability. Tariff sales excludes gas delivered under transportation rate schedules, special contracts, off-system or sales for resale transactions or other arrangements under which the gas is not billed under a sales rate schedule of general applicability.

II. Gas Costs Recovery Mechanism

In the event the Company anticipates a change in its “City Gate Delivered Cost of Gas,” the Company may increase or decrease its rates to its customers as follows:

A. Sales rates

1. Demand Charges

Whenever the Company anticipates a change in the Demand Charges, the Company may change its rates to customers under all rate schedules by an amount computed as follows:

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Issued to comply with authority granted by
The Public Service Commission of South Carolina
Docket No.: 2009-435-G
Issued:
Effective: October 1, 2009

(Total Anticipated Demand Charges
- Prior Demand Charges
And Storage Charges) X S.C. Portion*

Sales and Transportation Volumes* = Increase (Decrease)
Per Unit

2. Commodity and Other Charges

Whenever the Benchmark Commodity Cost of Gas is changed, the Company may change the rates to its customers purchasing gas under all of its sales rate schedules by an amount computed as follows:

Volumes of gas purchases for system supply* X
(New Benchmark Commodity Cost of Gas –
Old Benchmark Commodity Cost of Gas)
X S.C. Portion*

Volumes of gas purchased for = Increase (Decrease)
System Supply* (less Company Use* and Per Unit
Unaccounted For*) X S.C. Portion*

*Established by Commission in the Company's last general rate case or Rate Stabilization Act proceeding.

B. Transportation Rates

Firm and/or interruptible transportation rates shall be computed on a per unit basis by subtracting the per unit Commodity and Other Charges from the applicable firm or interruptible sales rate schedule exclusive of any increments or decrements.

C. Other Changes in Purchased Gas Costs

The purpose of this GCRM is to permit the Company to recover the applicable actual cost of gas from its tariff customers. If, at any time, it should appear that the computations required under this GCRM do not accomplish that purpose, the Company may use a different method to compute changes in its rates; however, any such changes shall not be effective until approved by the Commission.

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III. Monthly True up of Gas Costs

A. Demand Charges

On a monthly basis, the Company shall determine the difference between (a) the Demand Charges recovered and (b) the Company's actual Demand Charges incurred for South Carolina determined by the ratio of South Carolina tariff sales volumes to the combined total of North Carolina and South Carolina tariff sales volumes. This difference shall be placed in the Company's Deferred Account No. 253.

B. Commodity and Other Charges

On a monthly basis, the Company shall determine with respect to gas sold during the month the per unit difference between (a) the Benchmark Commodity Cost of Gas included in the Company's most recently approved GCRM and (b) the actual Commodity and Other Charges incurred for South Carolina. This difference shall be placed in the Company's Deferred Account No. 253.

C. Supplier Refunds and Direct Bills

In the event the Company receives supplier refunds or direct bills with respect to gas previously purchased, the amounts of such supplier refunds or direct bills applicable to South Carolina shall be placed in the Company's Deferred Account No. 253.

D. Interest on Deferred Account 253

The Company shall compute interest on the Deferred Account as directed by the Commission.

E. Other

(a) The Company shall file with the Commission a monthly report of the deferred account. The report shall identify the cost of gas reduction related to capacity released.

(b) Periodically, the Company may file to adjust its rates to refund or collect the balance in the deferred account. Increments and/or decrements shall apply across the board to all sales rate schedules unless the Commission specifically approves otherwise.

(c) The Company is permitted to negotiate rates to certain customers to meet the prices of competitive fuels or otherwise to avoid losing these customers. To permit the Company to make sales to these tariff customers without suffering a loss of margin, the

Company shall record the sales and transportation negotiated losses in the deferred account.

(d) Reserved for future use.

(e) The operation of this GCRM and the related Deferred Account can be modified as necessary to accommodate rulings of the Commission that affect its operation as herein defined. For example, recording the WNA balance in the Deferred Account as authorized by the Commission.

IV. Notice to the Commission

The Company shall file with the Commission at least 15 days prior to the date on which any change in its existing rates is to become effective as a result of the GCRM a computation of the rate adjustment and a single rate sheet, entitled "GCRM _____," containing the following information:

Rate <u>Schedule</u>	Present <u>Rate</u>	Current <u>Adjustment</u>	Rate after Current <u>Adjustment</u>
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APPENDIX B

CUSTOMER AGENT AGREEMENT

This Customer Agent Agreement ("Agreement") is made this _____ day of _____, 201_, by and between Piedmont Natural Gas Company, Inc. ("Piedmont") and _____ ("Agent").

Deleted: 0

WHEREAS, Piedmont's natural gas transportation tariffs provide for the ability of customers receiving Piedmont's transportation services to designate and utilize a third-party agent for purposes of making nominations for and delivering natural gas to Piedmont on behalf of such customers and managing imbalances on the Piedmont system resulting from such activities; and

WHEREAS, in undertaking such activities on behalf of Piedmont's customers, such Agents have the capacity to create material economic and operational risks for Piedmont and its customers; and

WHEREAS, Agent desires to act as a Customer Agent on Piedmont's system; and

WHEREAS, Piedmont is willing to permit Agent to operate on its system under the terms and conditions set forth herein and under the parameters of Piedmont's approved tariffs and service regulations.

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Piedmont and Agent agree as follows:

1. Establishment and Maintenance of Creditworthiness. Each Agent must establish credit with Piedmont in the form of a Letter of Credit, escrow deposit, parental guaranty, or otherwise, in form and substance acceptable to Piedmont, in an amount equal to or greater than the dollar value obtained by the following formula at all times:

The higher of Agent's average daily load for the previous month or Agent's First-of-Month confirmed daily nomination quantity for the new month x 3 days x (NYMEX prompt month close) x 1.25.

Each month, prior to nominating transactions for the first of the month business, an evaluation will be made to ensure that the established credit does not fall below the value obtained from the formula shown above. In the event Agent's established credit falls below the value obtained through application of the formula shown above, either during this monthly evaluation or at any other time, Piedmont may require that the value of said Letter of Credit, escrow deposit, parental guaranty, or other form of assurance be changed at any time in order to reestablish adequate creditworthiness hereunder. In the event Agent fails to establish creditworthiness as set forth above, or fails to comply within 5 days with directions from Piedmont to increase the amount of its credit instruments as provided herein, then Agent's right to conduct business on the Piedmont

system shall be suspended until such time as Agent shall be in compliance with the creditworthiness provisions set forth herein (including any requirements to increase said creditworthiness).

2. Customer Agent Imbalance Restrictions. Agent shall not create a cumulative intra-month imbalance which exceeds three times Agent's aggregate First-of-Month confirmed daily nomination quantity. If this cumulative month-to-date imbalance restriction is exceeded at any time, then Agent's authorization to conduct business on Piedmont's system shall be immediately suspended except to the extent of transactions designed to reduce Agent's cumulative month-to-date imbalance. Upon any such suspension, Agent's authorization to conduct business on the Piedmont system shall not be restored until such time as Agent is in full compliance with the provisions hereof and all applicable provisions of Piedmont's tariffs and service regulations.

3. Allocation of Imbalance Quantities/Penalties. Concurrent with the submission of monthly nominations, Agent shall provide Piedmont with a schedule of allocated nominations for customers to be served by Agent for the following month. This allocation shall serve as the basis for resolving imbalances with Agent's customers to the extent those imbalances are not resolved by Agent. In the event Agent fails to submit such schedule, and further fails to resolve any monthly imbalance during the term hereof, those imbalances and any attendant penalties shall be allocated to Agent's customers, *pro rata*, based upon the actual usage of each such customer during the month to which the unresolved imbalance and/or penalties is attributable.

4. Failure to Comply with Operational Notices, and Agent Creditworthiness and Imbalance Requirements. If Agent fails to adhere to the imbalance and credit requirements set forth above, or to obey specific instructions issued by Piedmont and designed to preserve the operational integrity of Piedmont's system, Agent (a) shall be subject to the Unauthorized Over Run Penalty provisions of Piedmont's Rate Schedule 206, and (b) shall have its right to transact business on Piedmont's system suspended.

5. Term. This Agreement shall become effective as of the date first written above and shall continue in full force or effect until terminated by either party hereto upon sixty (60) days written notice.

6. Supplemental Nature of Agreement. This Agreement is supplemental to the provisions of Piedmont's approved tariffs and service regulations, the provisions of which shall also apply to services rendered hereunder. As such, the restrictions and requirements set forth herein are cumulative in nature and in addition to any other imbalance or penalty provisions set forth in Piedmont's approved tariffs and service regulations.

7. Billing and Payment. Billings to Agent for any amounts due hereunder, and payments by Agent on such billings, shall be made in a manner consistent with the billing and payment provisions of the underlying transportation tariffs pursuant to which service is rendered.

8. Miscellaneous.

- A. Modification. This Agreement may not be modified or amended except by the execution of a written agreement by the parties hereto.
- B. Waiver. No failure by any party to enforce this agreement with respect to any default in the performance of any of the provisions of this Agreement shall operate or be construed to operate as a waiver thereof or of any similar future default.
- C. Assignment. This Agreement may not be assigned by any party hereto without the express written consent of the other party hereto.
- D. Jurisdiction. This Agreement and the respective obligations of the parties hereto are subject to all valid laws, orders, rules and regulations of the Public Service Commission of South Carolina and any other governmental bodies having jurisdiction.
- E. Conflict of Laws. The construction, interpretation, and performance of this Agreement shall be in accordance with the substantive laws of the State of South Carolina without regard to any conflicts of laws provisions thereof.

IN WITNESS WHEREOF, the undersigned parties have executed this agreement as of the year and date first written above.

AGENT

PIEDMONT NATURAL GAS COMPANY

By: _____
Title: _____

By: _____
Title: _____

MAILING ADDRESS

Please submit to: Transportation & Pipeline Services
Piedmont Natural Gas Company
P.O. Box 33068
Charlotte, N.C. 28233

OR

Transportation & Pipeline Services
Fax Number: (704) 364-8320